

Identification of the area

Name or Designation:

Area 40: Central District; Rainier Valley; South First Hill (Madrona and Leschi), Beacon Hill; Mount Baker.

Boundaries: Area 40 boundaries are East Spruce Street to the North; Lake Washington to the East; South Graham Street to the South; Interstate 5 to the West.

Maps: A general map of the area is included in this report. More detailed Assessor's maps are located on the 7th floor of the King County Administration Building.

Area Description:

The northern portion of area 40 contains neighborhood 10 (Central District, Eastern portion of the International District), neighborhood 20 (Central District) and neighborhood 30 (Leschi, Judkins Park).

The Urban Village developments are within the location of 23rd and Jackson, 23rd and Union, and along the major arterial streets of 12th Avenue, 14th Avenue, Boren, Yesler Way, South Jackson Street, Rainier Avenue South, Martin Luther King Junior Way South, and South Dearborn Street. This area is heavily urbanized consisting of retail stores, small offices, churches, daycares, small private schools, franchise fast-food restaurants, multi-family apartments and condominiums. It is progressively transforming from an older declining area to a rehabilitated area. The neighborhood is steadily changing at a considerable pace as financing continues to be readily available to property owners and outside investment forces capitalize on comparably lower land prices and acquisition potential.

The Central District has strong neighborhood based action groups and in cooperation with the City of Seattle they are in the process of revitalizing the community. Revitalization and redevelopment strategies have been aiding in the reorganization of investment of community assets to increase local business development, employment opportunities and livability within the community. This includes implementing development in accordance to their plans and stimulating private and/or public investment activity in both housing and commercial sectors to enhance physical and social neighborhood elements.

The challenges ahead will include the ability to successfully implement a mixed-use urban village approach to development, drive job creation, and promote affordable housing to develop and preserve a sound and equitable economic and social neighborhood environment.

Some of the more notable developments include:

The former Wonderbread site in the heart of the Central District on South Jackson Street between 18th and 19th Avenue South will, according to published reports, include approximately 250 apartments and roughly 6,500 square feet of retail space.

The Douglas-Truth Branch Library at 2300 E. Yesler Way reopened in October, 2006. It is the 21st project completed under the \$196.4 million “Libraries for All” bond measure approved by Seattle voters in November of 1998. The \$6,784,252 project more than doubled the square footage of the branch expanding from 8,008 square feet to over 14,400 square feet and added a new meeting room, children’s area, computer access and a lower level for bulk collections.

The Dearborn Street Development at the Dearborn Goodwill site includes plans to replace the 80 year old Goodwill store with a new, multi-level project with up to 600,000 square feet of retail, an estimated 550 residences (including 200 low-income housing units), in addition to approximately 120,000 square feet for Goodwill. The project will still need vacation of some city streets, rezoning, and permit approval from the city to be completed as planned in 2010.

Developer interests, private investment, and its proximity to Downtown Seattle and the city’s business, retail, and industrial cores suggest the Jackson Street corridor and surrounding areas are evolving.

The southern portion of area 40 contains neighborhoods 40 (Beacon Hill), 50 (Mount Baker, Rainier Valley), 60 (Rainier Valley, Columbia City) and 70 (Rainier Beach).

Major business arterials in this area are Rainier Avenue South, Beacon Avenue South and Martin Luther King Junior Way South. The commercial buildings located along Rainier Avenue South and Martin Luther King Junior Way South; primarily consist of retail, small offices, daycare, restaurants, franchise fast food, multi-family and apartments. The majority of Industrial zoned land is in the southwestern section near the southern city limits between Interstate 5 and Martin Luther King Junior Way South. The Jefferson Park Golf Course is located west of Martin Luther King Junior Way South on Beacon Avenue South. Lake Washington Boulevard is predominately residential with the recreational areas of Colman Park, Seward Park and Mount Baker Park located on the Lake Washington shores. The Puget Sound Veterans Administration Hospital is located off of Beacon Avenue South.

Commercial and industrial activities are predominately in the Valley neighborhoods including Rainier Avenue, Genesee Street, Martin Luther King Junior Way S., Graham Street and Columbia City. These areas have undeveloped or underdeveloped land and offer potential for development. This area is progressively revitalizing its neighborhoods after a long period of decline. Construction of the new 10,000 square foot King County

Branch Library on Beacon Hill and expansion of the Rainier Beach Branch Library have recently been completed.

Construction continues on the new 14 mile Sound Transit Central Link light rail line that is a significant piece in the regions transportation future, due for completion in early 2009. The light rail will reconnect the city to the Rainier Valley community and in the process transform Martin Luther King Junior Way S. into an urban boulevard. Construction impacts will be felt mostly in Rainier Valley. Five light rail stations are planned for Rainier Valley. These stations are being built along Martin Luther King Junior Way S. A station at Edmonds Street will be next to the Seattle Housing Authority's, Rainier Vista Housing complex, providing opportunities to enhance the commercial and pedestrian-friendly character of the Columbia City neighborhood.

A station at Henderson will accommodate the pedestrian walkway to Rainier Beach and will encourage additional market rate multi-family housing. The McClellan station will offer an opportunity to create a mixed-use neighborhood center and increase the retail and multi-family housing supply. Planners are focused on condensing activity within walking distance of major transit stops, thus reducing vehicle traffic. Apartments mixed with single-family housing, restaurants, dry cleaners, grocery stores and bank branches will be within a few blocks of each other. Such high-density living is intended to provide a built-in base of transit users. A moratorium has been in effect to prevent the construction of new, or the expansion of existing, auto-oriented uses until station area planning is done.

The Beacon Hill station is being constructed as well as an elevator and a twin bore tunnel being excavated under Beacon Hill. The tunnel will allow access north to King Street station and south down the length of Rainier Valley. This station offers an opportunity to create a mixed use neighborhood center in the Beacon Hill core-retail area.

The Rainier Court Associates low income project dominates the lower Rainier Avenue area near Estelle Street. This mixed use seven story project contributes to the urban village concept anchored by Safeway, Hollywood Video and other existing strip retail. Other low income projects include Gamelin House, Othello Station, New Holly and Rainier Vista which are being constructed on Martin Luther King Jr. Way.

As land values continue to rise throughout the Rainier Valley and both commercial and residential markets advance, evidence is strong that development projects will continue to reshape the neighborhoods. Zoning changes have been proposed to increase the density around these projects will dictate the rate and extent to which further development will influence the Rainier Valley.

Physical Inspection Identification:

Neighborhood 40-50 (Beacon Hill) was physically inspected for the 2007 assessment year.

Scope of Data

Land Value Data:

There were 45 vacant land sales considered in Area 40 with sales dates from 4/14/2004 to 12/05/2006. Seventeen of these sales were 2006 sales. Sales information is obtained from excise tax affidavits and reviewed initially by the Accounting Division Sale Identification Section. Sales information is analyzed and investigated by the appraiser to determine if they are market transactions. Sales in Area 25 to the north were considered as well as residential sales on commercially zoned land. These sales were given primary consideration for valuing land as of 1/1/2007.

Sales Analysis by Neighborhood

Area 40-10: Central District, Eastern portion of the International District

Neighborhood 10 boundaries are E. Spruce St. to the North, 23rd Avenue South to the east, Interstate 90 to the South and Interstate 5 to the West. Land values in this neighborhood changed to reflect the indicated market trend. The table below represents the 2007 estimated assessed land values per square foot in each zone.

AREA NEIGHBORHOOD	ZONING	2007 TYPICAL A/V \$ PER SF VALUE
40-10	C1-65	\$40-70
40-10	C2-40	\$45
40-10	C2-65	\$60-70
40-10	IC-65	\$50-65
40-10	L-1	\$40-45
40-10	L-2	\$45
40-10	L-2/RC	\$45
40-10	L-3	\$50-70
40-10	L-3/RC	\$50-65
40-10	LDT	\$30
40-10	MR	\$75
40-10	NC1-40	\$50-55
40-10	NC2-40	\$55
40-10	NC3-40	\$45
40-10	NC3/R40	\$55
40-10	NC3-65	\$50
40-10	NC3-65 P1	\$75
40-10	SF 5000	\$30

Area 40-20: Central District

Neighborhood 20 boundaries are E. Spruce Street to the north, 31st Avenue South to the East, Interstate 90 to the south, and 24th Avenue South to the west. Land values in this neighborhood changed to reflect market trends. The table below represents the 2007 estimated assessed land values per square foot in each zone.

AREA NEIGHBORHOOD	ZONING	2007 TYPICAL A/V \$ PER SF VALUE
40-20	C1-40	\$55
40-20	C1-65	\$55-60
40-20	L-1	\$30-45
40-20	L-2	\$40-45
40-20	L-2/RC	\$40-45
40-20	L-3	\$45-65
40-20	L-4	\$65
40-20	LDT	\$30
40-20	NC1-30	\$45
40-20	NC1-40	\$55
40-20	NC2-40	\$50-55
40-20	NC3-65	\$60
40-20	SF-5000	\$30-35

Areas 40-30: Leschi, Judkins Park

The boundaries for neighborhood 30 are E. Spruce Street to the North, Lake Washington to the East, Interstate 90 to the South and 31st Avenue South to the West. Changes in land values for this neighborhood reflected market trends. The table below represents the 2007 estimated land values per square foot in each zone

AREA NEIGHBORHOOD	ZONING	2007 TYPICAL A/V \$ PER SF VALUE
40-30	NC1-30	\$45
40-30	NC1-40	\$30-80
40-30	L-1	\$90 (VIEWS)
40-30	L-2	\$45
40-30	L-3	\$40-120 (VIEWS)
40-30	L-3 RC	\$115
40-30	SF-5000	\$25-80 (VIEWS)

Area 40-40: Beacon Hill

Neighborhood 40 boundaries are Interstate 90 to the North, Valentine Place South & 20th Avenue South to the East, Graham Street to the South and Interstate 5 to the West. Land values in this neighborhood changed to reflect market trends. The table below represents the 2007 estimated assessed land values per square foot in each zone.

AREA NEIGHBORHOOD	ZONING	2007 TYPICAL A/V \$ PER SF VALUE
40-40	C1-40	\$20-30
40-40	L-1	\$20-25
40-40	L-2	\$25-30
40-40	L-3	\$3035
40-40	MIO-105	\$10
40-40	NC1-30	\$20-35
40-40	NC1-40	\$30-40
40-40	NC2-40	\$20-40
40-40	NC2/R40	\$40
40-40	SF 5000	\$20-25

Areas 40-50: Mount Baker, Rainier Valley

Neighborhood 50 boundaries are Interstate 90 to the North, Lake Washington to the East, South Hanford Street & South Winthrop Street to the South, Valentine Place South and 20th Avenue South to the West. Land values in this neighborhood changed to reflect market trends. The table below represents the 2007 estimated assessed land values per square foot in each zone.

AREA NEIGHBORHOOD	ZONING	2007 TYPICAL A/V \$ PER SF VALUE
40-50	C1-40	\$35-45
40-50	C1-65	\$40-50
40-50	C2-65	\$40-50
40-50	LDT	\$24-30
40-50	NC1-30	\$25
40-50	NC1-40	\$40
40-50	NC3-65	\$40-50
40-50	L-1	\$30
40-50	L-2	\$25-35
40-50	L2-RC	\$30
40-50	L-3	\$25-40
40-50	L-4	\$30
40-50	L4-RC	\$30
40-50	SF-5000/7200	\$10-30

Area 40-60: Rainier Valley, Columbia City

Neighborhood 60 boundaries are South Winthrop Street, South Hanford Street and South Charleston Street to the North, 43rd Avenue South, 47th Avenue South, and 48th Avenue South to the East, South Graham Street to the South, Cheasty Boulevard, and Beacon Avenue South to the West. The table below represents the 2007 estimated assessed land values per square foot in each zone.

AREA NEIGHBORHOOD	ZONING	2007 TYPICAL A/V \$ PER SF VALUE
40-60	C1-40	\$20-35
40-60	C1-65	\$20-45
40-60	C2-40	\$35
40-60	C2-65	\$30-45
40-60	L-1	\$20
40-60	L-2	\$20-25
40-60	L2-RC	\$30
40-60	L-3	\$20-30
40-60	L3-RC	\$25-30
40-60	L4	\$35
40-60	L-4 RC	\$25-35
40-60	LDT	\$20
40-60	MR	\$10
40-60	NC1-40	\$25-30
40-60	NC2-30	\$25
40-60	NC2-40	\$25-30
40-60	NC3-40	\$30
40-60	NC3-65	\$35-40
40-60	NC2/R30	\$25
40-60	NC2/R40	\$30
40-60	NC2/R65	\$35
40-60	NC2-40 P2	\$30
40-60	NC3-40 P2	\$35
40-60	NC3-65 P2	\$35
40-60	SF-5000	\$15-20

Area 40-70: Southeast Lake Washington neighborhood

Neighborhood 70 boundaries are Lake Washington to the North and East, Graham Street to the South, 43rd Avenue South, 47th Avenue and 48th Avenue South to the West.

There were no land sales in Area 40-70 for the reporting period. The table below represents the 2007 estimated assessed land values per square foot in each zone.

AREA NEIGHBORHOOD	ZONING	2007 TYPICAL A/V \$ PER SF VALUE
40-70	NC1-30	\$25
40-70	SF-5000/7200/9600	\$10-20

Land Value Conclusions, Recommendations and Validation:

Land values were estimated based on the Sales Comparison approach. Sales were analyzed based on zoning, size, location and development potential. Changes were made based on recent land sales and to achieve equalization in neighborhoods in accordance with zoning, size and location. In the absence of sales in a neighborhood, sales in other similar neighborhoods were considered. Appraiser judgment prevails in all decisions regarding individual parcel valuation. The appraiser determines which available value estimate may be appropriate and may adjust for particular characteristics and conditions as they occur in the valuation area.

The total land assessed value for the 2006 assessment year for area 40 was \$654,851,404 and the total land assessment value for the recommended 2007 assessment year is \$1,078,841,395. Application of these recommended values for the 2007 assessment year results in a change from the 2006 assessments of + 64.75%.

A list of vacant sales used and those considered not reflective of the market value are included in the following sections.

Improved Parcel Total Values:

Sales comparison approach model description:

There are 38 improved sales in area 40 that were considered fair market transactions. 26 of these sales were included in the ratio study, while 11 sales were excluded due to characteristic changes after purchase and 1 being after the lien date. The sale dates range from 02/06/2004 to 11/30/2006. All sales were verified with a knowledgeable party when possible. Each sale was inspected and the recorded property characteristics adjusted when necessary. The resulting data was stratified according to predominant use, location, age and size in order to establish appropriate ranges of price per square foot of net rentable area to use as guidelines.

Regression

Regression was not used in the revalue of the commercial properties in this area. See report on apartments and condominiums for use of regression models.

Cost approach model description

In those areas where a cost approach was done the Marshall & Swift Commercial Estimator was used. Depreciation was also based on studies done by Marshall & Swift Valuation Service. The cost was adjusted to the western region and the Seattle area. Cost estimates were relied upon in almost every instance of exempt properties including schools, churches, public buildings and government buildings. Cost estimates also served as value indicators for new construction projects.

Cost calibration

The Marshall & Swift Valuation modeling system, which is built in the Real Property Application, is calibrated to the region and the Seattle area.

Income capitalization approach model description

The Income Approach was considered the most reliable approach to valuation in Area 40. Income parameters were derived from the market place through sales and listed for sale information, as well as through market surveys and available publications. Stratification of these parameters of the various property types indicates:

Area 40-10:

PROPERTY TYPE	RENT/SF	VACANCY	EXPENSE	OAR
FAST FOOD RESTAURANT (349) RESTAURANT, TABLE SERVICE (350) RETAIL STORE (353) CONVENIENCE MARKET (419) MIXED-USE RETAIL (RETAIL MIXED-USE) LAUNDROMAT (336) DISCOUNT STORE (319) MARKET (340) DAY CARE CENTER (426) BARBER SHOP (384)	\$11.00 to \$20.00	5%	10%	6.5% to 7.5%
BASEMENT FINISHED BASEMENT, OFFICE MEZZANINES-DISPLAY MEZZANINES-OFFICE LOFT (338) WAREHOUSE OFFICE BASEMENT SEMI-FINISHED	\$4.00 to \$12.00	5%	10%	6.50% to 8.00%
OPEN OFFICE (OFFICE-OPEN) OFFICE BUILDING (344) MIXED-USE OFFICE BANK (304)	\$10.00 to \$21.00	10% - 15%	15%	6.50% to 7.50%
INDUSTRIAL LIGHT MANUFACTURING (4 INDUSTRIAL HEAVY MANUFACTURING (495) COLD STORAGE FACILITIES (447) STORAGE WAREHOUSE (406) GARAGE, STORAGE (326) WAREHOUSE, DISTRIBUTION (407) WAREHOUSE, FOODSTORE (533) MEZZANINES-STORAGE GARAGE, SERVICE REPAIR (528)	\$3.00 to \$9.00	5%	10%	8.50% to 10.50%
MEDICAL OFFICE (341) VETERINARY HOSPITAL (381) DENTAL OFFICE/CLINIC (444)	\$10.00 to \$21.00	5%	15%	6.50% to 7.50%
APARTMENT (300) MULTIPLE RESIDENCE (LOW RISE) (352) BASEMENT RESIDENT LIVING FRATERNAL BUILDING (323) HOME FOR THE ELDERLY (330) ROOMING HOUSE (551)	\$10.00 to \$14.25	5%	15%	5.50% to 7.50%

Area 40-20:

PROPERTY TYPE	RENT/SF	VAC	EXPENSE	OAR
FAST FOOD RESTAURANT (349) RESTAURANT, TABLE SERVICE (350) RETAIL STORE (353) CONVENIENCE MARKET (419) MIXED-USE RETAIL LAUNDROMAT (336) DISCOUNT STORE (319) MARKET (340) DAY CARE CENTER (426)	\$12.00 to \$21.00	5%	10% to 15%	6.25% to 7.50%
OFFICE BUILDING (344) BANK (304) MIXED-USE OFFICE OPEN OFFICE (OFFICE-OPEN)	\$10.00 to \$21.00	5%	15%	6.50% to 7.25%
MEZZANINES-OFFICE BASEMENT FINISHED MEZZANINES-DISPLAY BALCONY BASEMENT, OFFICE LOFT (338)	\$5.00 to \$12.00	5%	10%	6.50% to 7.75%
STORAGE WAREHOUSE (406) BASEMENT SEMI-FINISHED BASEMENT, UNFINISHED (703) MEZZANINES-STORAGE GARAGE STORAGE (326) INDUSTRIAL LIGHT MANUFACTURING (494) INDUSTRIAL HEAVY MANUFACTURING (495) COLD STORAGE FACILITIES (447) WAREHOUSE, DISTRIBUTION (407) WAREHOUSE, FOODSTORE (533) GARAGE, SERVICE REPAIR (528)	\$6.00 to \$10.00	5%	10%	7.50%
MEDICAL OFFICE (341) VETERINARY HOSPITAL (381) DENTAL OFFICE/CLINIC (444)	\$10.00 to \$18.00	5%	15%	7.50% to 6.50%
APARTMENT (300) MULTIPLE RESIDENCE (LOW RISE) (352) FRATERNAL BUILDING (323) ROOMING HOUSE (551) DORMITORY (321)	\$10.00 to \$14.25	5%	15%	7.50% to 5.50%

Area 40-30:

PROPERTY TYPE	RENT/SF	VAC	EXPENSE	OAR
RETAIL STORE (353) RESTAURANT, TABLE SERVICE (350) MARKET	\$11.00 to \$20.00	5%	15%	6.50% to 7.50%
OFFICE BUILDING (344) MIXED-USE OFFICE OPEN OFFICE (OFFICE-OPEN) BANK (304)	\$10.00 to \$21.00	5%	15%	6.50% to 7.50%
APARTMENT (300) MULTIPLE RESIDENCE (LOW RISE) (352)	\$10.00 to \$15.00	5%	15%	6.00% to 7.00%

Area 40-40:

PROPERTY TYPE	RENT/SF	VACANCY	EXPENSE	OAR
MARKET FAST FOOD RESTAURANT (349) RESTAURANT, TABLE SERVICE (350) RETAIL STORE (353) BARBER SHOP (384) CONVENIENCE MARKET (419) DAY CARE CENTER (426) MIXED USE RETAIL (830) MINI MART CONVENIENCE STORE (531) SNACK BAR (529)	\$10.00 to \$19.00	5%	10% to 15%	6.50% to 7.50%
OPEN OFFICE (OFFICE-OPEN) OFFICE BUILDING (344) MIXED-USE OFFICE VISITOR CENTER (574) BANK (304) LABORATORIES (496)	\$10.00 to \$19.00	5%	15%	6.50% to 7.50%
BASEMENT, OFFICE MEZZANINES-OFFICE BASEMENT FINISHED	\$7.00 to \$12.00	5%	10%	7.00% to 7.75%
SHED, MATERIAL STORAGE (468) STORAGE WAREHOUSE (406) GARAGE, STORAGE (326) EQUIPMENT SHED (472) MEZZANINES-STORAGE BASEMENT SEMI-FINISHED BASEMENT, UNFINISHED (703)	\$6.00 to \$10.00	5%	10%	7.50%
MEDICAL OFFICE (341) VETERINARY HOSPITAL (381) DENTAL OFFICE/CLINIC (444)	\$10.00 to \$20.00	5%	10%	6.50% to 7.50%
GARAGE, SERVICE REPAIR (528)	\$6.00 to \$11.00	5%	10%	7.00% to 7.50%
APARTMENT MULTIPLE RESIDENCE (LOW RISE) (352) BASEMENT RESIDENT LIVING FRATERNAL BUILDING GROUP CARE HOME (424) ROOMING HOUSE (551)	\$10.00 to \$15.00	10%	15%	6.00% to 7.00%

Area 40-50:

PROPERTY TYPE	RENT /SF	VACANCY	EXPENSE	OAR
RETAIL STORE (353) MIXED-USE RETAIL (RETAIL MIXED- USE) CONVENIENCE MARKET MARKET BARBER SHOP DISCOUNT STORE LAUNDROMAT (336) MINI-MART CONVENIENCE STORE DAY CARE CENTER (426)	\$10.00 to \$19.00	5%	15%	6.50% to 7.50%
LUMBER STORAGE SHED, HORIZONTAL STORAGE WAREHOUSE (406) COLD STORAGE FACILITIES (447) SHED, MATERIAL STORAGE (468) EQUIPMENT (SHOP) BUILDING (470) EQUIPMENT SHED (472) INDUSTRIAL LIGHT MANUFACTURING (494) BASEMENT SEMI-FINISHED BASEMENT, UNFINISHED (703) MEZZANINES-STORAGE LIGHT COMMERCIAL UTILITY BUILDING	\$6.00 to \$10.00	5%	10%	7.00% to 7.5%
RESTAURANT, TABLE SERVICE (350) BAR/TAVERN (442) FAST FOOD	\$10.00 to \$20.00	5%	15%	6.50% to 7.50%
OFFICE BUILDING (344) OPEN OFFICE (OFFICE-OPEN) MIXED-USE OFFICE BANK	\$10.00 to \$20.00	5%	15%	6.50% to 7.50%
BASEMENT FINISHED MEZZANINES-DISPLAY MEZZANINES-OFFICE	\$6.00 to \$9.00	5%	15%	7.00% to 7.50%
MEDICAL OFFICE (341) VETERINARY HOSPITAL (381) DENTAL OFFICE/CLINIC (444)	\$11.00 to \$20.00	5%	10%	6.50% to 7.50%
WAREHOUSE, DISTRIBUTION (407) WAREHOUSE OFFICE (OFFICE WAREHOUSE)	\$6.00 to \$13.00	5%	10%	7.00% to 7.50%
MINI-LUBE GARAGE (423) GARAGE, SERVICE REPAIR (528)	\$9.00 to \$14.00	5%	10%	7.00% to 7.50%
APARTMENT (300) MULTIPLE RESIDENCE (LOW RISE) (352) ROOMING HOUSE (551)	\$10.00 to \$13.00	7%	15%	6.00% to 7.00%

Area 40-60:

PROPERTY TYPE	RENT/SF	VAC	EXPENSE	OAR
DISCOUNT STORE MARKET RETAIL STORE (353) BARBER SHOP (384) LAUNDROMAT (336) MINI-MART CONVENIENCE STORE MIXED-USE RETAIL DAY CARE CENTER (426) CONVENIENCE MARKET	\$11.00 to \$20.00	5%	15%	6.50% to 7.50%
OFFICE BUILDING (344) OPEN OFFICE (OFFICE-OPEN) MIXED-USE OFFICE BANK	\$10.00 to \$20.00	5%	15%	6.50% to 7.50%
MEDICAL OFFICE (341) DENTAL OFFICE/CLINIC (444) VETERINARY HOSPITAL (381)	\$11.00 to \$20.00	5%	15%	6.50% to 7.50%
FAST FOOD RESTAURANT (349) RESTAURANT, TABLE SERVICE COCKTAIL LOUNGE (441) BAR/TAVERN (442)	\$11.00 to \$20.00	5%	15%	6.25% to 7.50%
GARAGE, STORAGE (326) LUMBER STORAGE SHED, HORIZONTAL MATERIAL STORAGE BUILDING (391) STORAGE WAREHOUSE (406) WAREHOUSE, DISTRIBUTION (407) SHED, MATERIAL STORAGE (468) EQUIPMENT (SHOP) BUILDING (470) INDUSTRIAL LIGHT MANUFACTURING (494) BASEMENT SEMI-FINISHED BASEMENT, UNFINISHED (703) MEZZANINES-STORAGE AUTOMOTIVE CENTER (410) GARAGE, SERVICE REPAIR (528)	\$6.00 to \$10.00	5%	10%	7.50% to 7.00%
BASEMENT FINISHED BALCONY MEZZANINES-DISPLAY BASEMENT, OFFICE MEZZANINES-OFFICE	\$3.00 to \$9.00	5%	10%	7.50% to 8.50%
APARTMENT (300) MULTIPLE RESIDENCE BASEMENT RESIDENT LIVING GROUP CARE HOME (424) ROOMING HOUSE (551) HOME FOR THE ELDERLY (330)	\$10.00 to \$15.00	7%	15%	6.00% to 7.00%

Area 40-70:

PROPERTY TYPE	RENT/SF	VACANCY	EXPENSE	OAR
MARKET RESTAURANT, TABLE SERVICE (350) RETAIL STORE (353)	\$10.00 to \$15.00	5%	15%	6.75% to 7.75%
OFFICE BUILDING (344) VETERINARY HOSPITAL (381)	\$10.00 to \$18.00	5%	15%	6.75% to 7.50%
GARAGE, STORAGE (326) STORAGE WAREHOUSE (406) EQUIPMENT (SHOP) BUILDING (470) EQUIPMENT SHED (472) BASEMENT, UNFINISHED (703) GARAGE, SERVICE REPAIR (528)	\$6.00 to \$10.00	5%	10%	7.50% to 7.25%
APARTMENT (300) MULTIPLE RESIDENCE (LOW RISE) (352)	\$10.00 to \$13.00	5%	15%	7.00%

Income approach calibration

The models were calibrated after setting base rents by using adjustments based on size, effective age, condition, quality and class of construction, as well as location.

Reconciliation and or validation study of calibrated value models including ratio study of hold out samples.

All parcels were individually reviewed by the area appraiser for correctness of the model application before a final value was selected. All of the factors used to establish value by the model were subject to adjustment. The market rents as established by the income model were used as a guide in establishing the market rental rates used. The market rental rates applied vary somewhat but fall within an acceptable range of variation from the established guideline. The Senior Appraiser reviewed final value selects before posting.

Model Validation

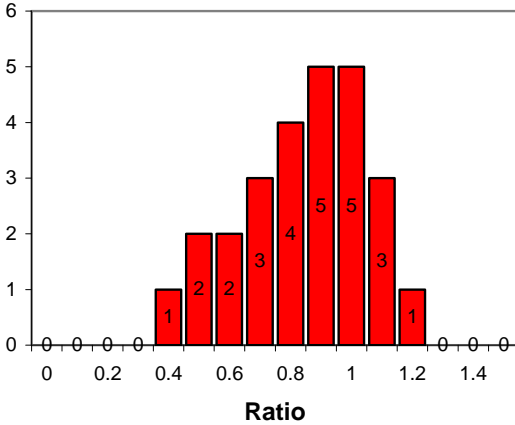
Total Value Conclusions, Recommendations and Validation:

Appraiser judgment prevails in all decisions regarding individual parcel valuation. Each parcel in the physical inspection area was field reviewed and a value selected based on general and specific data pertaining to the parcel, the neighborhood, and the market. The Appraiser determines which available value estimate may be appropriate and may adjust for particular characteristics and conditions as they occur in the valuation area.

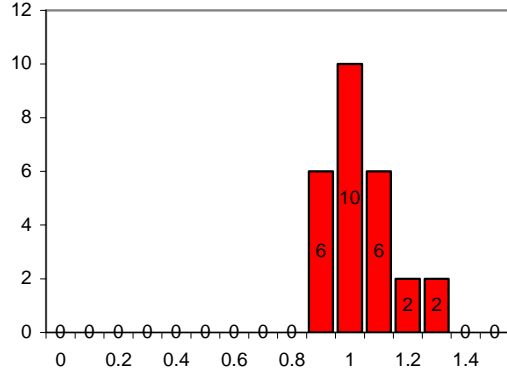
The standard statistical measures of valuation performance are presented in the Executive Summary and the 2006 and 2007 Ratio Analysis charts included in this report. Comparison of the 2006 and 2007 Ratio Study Analysis indicates that the weighted mean statistical measure of assessment level went from 73.6% to 97.6%. The Coefficient of Dispersion (COD) went from 21.37% to 9.10%, the Coefficient of Variation (COV) went from 27.60% to 11.74%, and the Price-related Differential (PRD) went from 1.07 to 1.01. Although the ratio study may look a bit aggressive, the market is in a rising mode and the ratios for older sales are skewed towards values over 1 because the market has eclipsed the older sales.

The total assessed value in area 40, for the 2006 assessment year, was \$1,290,673,323 and the total recommended assessed value for the 2007 assessment year is \$1,747,804,602. Application of these recommended values for the 2007 assessment year results in an average total change from the 2005 assessments of + 35.42%. This increase is evident to the recent market activity in area 40.

2006 Assessment Year

Quadrant/Crew:	Lien Date:	Date:		Sales Dates:																				
Central Crew	1/1/2006	6/21/2007		2/6/04 - 11/30/06																				
Area	Appr ID:	Prop Type:		Trend used?: Y / N																				
040-000	KBIG	Improvement		N																				
SAMPLE STATISTICS																								
Sample size (n)	26	<div>Ratio Frequency</div>  <p>A histogram showing the frequency of ratios. The x-axis is labeled 'Ratio' and ranges from 0 to 1.4 with increments of 0.2. The y-axis ranges from 0 to 6 with increments of 1. The bars are red with black outlines. The frequencies for each ratio bin are: 0.4-0.5: 1, 0.5-0.6: 2, 0.6-0.7: 2, 0.7-0.8: 3, 0.8-0.9: 4, 0.9-1.0: 5, 1.0-1.1: 5, 1.1-1.2: 3, 1.2-1.3: 1. All other bins have a frequency of 0.</p> <table border="1"><thead><tr><th>Ratio</th><th>Frequency</th></tr></thead><tbody><tr><td>0.4</td><td>1</td></tr><tr><td>0.5</td><td>2</td></tr><tr><td>0.6</td><td>2</td></tr><tr><td>0.7</td><td>3</td></tr><tr><td>0.8</td><td>4</td></tr><tr><td>0.9</td><td>5</td></tr><tr><td>1.0</td><td>5</td></tr><tr><td>1.1</td><td>3</td></tr><tr><td>1.2</td><td>1</td></tr></tbody></table>			Ratio	Frequency	0.4	1	0.5	2	0.6	2	0.7	3	0.8	4	0.9	5	1.0	5	1.1	3	1.2	1
Ratio	Frequency																							
0.4	1																							
0.5	2																							
0.6	2																							
0.7	3																							
0.8	4																							
0.9	5																							
1.0	5																							
1.1	3																							
1.2	1																							
Mean Assessed Value	1,310,100																							
Mean Sales Price	1,779,700																							
Standard Deviation AV	3,540,809																							
Standard Deviation SP	4,769,817																							
ASSESSMENT LEVEL																								
Arithmetic mean ratio	0.786	<div>These figures reflect measurements <u>before</u> posting new values.</div>																						
Median Ratio	0.814																							
Weighted Mean Ratio	0.736																							
UNIFORMITY																								
Lowest ratio	0.3305																							
Highest ratio:	1.1018																							
Coefficient of Dispersion	21.37%																							
Standard Deviation	0.2169																							
Coefficient of Variation	27.60%																							
Price-related Differential	1.07																							
RELIABILITY																								
95% Confidence: Median		<div>These figures reflect measurements <u>before</u> posting new values.</div>																						
Lower limit	0.665																							
Upper limit	0.941																							
95% Confidence: Mean																								
Lower limit	0.703																							
Upper limit	0.870																							
SAMPLE SIZE EVALUATION																								
N (population size)	803	<div>These figures reflect measurements <u>before</u> posting new values.</div>																						
B (acceptable error - in decimal)	0.05																							
S (estimated from this sample)	0.2169																							
Recommended minimum:	69																							
Actual sample size:	26																							
Conclusion:	Uh-oh																							
NORMALITY																								
Binomial Test					<div>These figures reflect measurements <u>before</u> posting new values.</div>																			
# ratios below mean:	12																							
# ratios above mean:	14																							
z:	0.196116135																							
Conclusion:	Normal*																							
*i.e., no evidence of non-normality																								

2007 Assessment Year

Quadrant/Crew:	Lien Date:	Date:	Sales Dates:				
Central Crew	1/1/2007	6/21/2007	2/6/04 - 11/30/06				
Area	Appr ID:	Prop Type:	Trend used?: Y / N				
040-000	KBIG	Improvement	N				
SAMPLE STATISTICS							
Sample size (n)	26	<div>Ratio Frequency</div> 					
Mean Assessed Value	1,736,200						
Mean Sales Price	1,779,700						
Standard Deviation AV	4,771,378						
Standard Deviation SP	4,769,817						
ASSESSMENT LEVEL							
Arithmetic mean ratio	0.984	<div>These figures reflect measurements <u>after</u> posting new values.</div>					
Median Ratio	0.971						
Weighted Mean Ratio	0.976						
UNIFORMITY							
Lowest ratio	0.8020						
Highest ratio:	1.2700						
Coefficient of Dispersion	9.10%						
Standard Deviation	0.1156						
Coefficient of Variation	11.74%						
Price-related Differential	1.01						
RELIABILITY							
95% Confidence: Median							
Lower limit	0.910						
Upper limit	1.004						
95% Confidence: Mean							
Lower limit	0.940						
Upper limit	1.029						
SAMPLE SIZE EVALUATION							
N (population size)	803						
B (acceptable error - in decimal)	0.05						
S (estimated from this sample)	0.1156						
Recommended minimum:	21						
Actual sample size:	26						
Conclusion:	OK						
NORMALITY							
Binomial Test							
# ratios below mean:	13						
# ratios above mean:	13						
z:	-0.196116135						
Conclusion:	Normal*						
*i.e., no evidence of non-normality							

Improvement Sales for Area 040 with Sales Used

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
040	010	331950	1295	5,000	2095622	\$800,000	01/07/05	\$160.00	BARNES SALES	NC3-40	1	34	Use-change after sale; not in ratio
040	010	392740	0010	12,236	2237111	\$2,535,000	09/14/06	\$207.18	OFFICE BLDG	NC3-65	1	Y	
040	010	713280	0055	65,430	2284690	\$6,750,000	05/05/07	\$103.16	WAREHOUSE + OFFICE	IC-65	1	Y	after lien date
040	010	817010	0145	4,000	2161660	\$550,000	10/05/05	\$137.50	SALON/RETAIL/DENTAL OFC	C1-65	1	Y	
040	010	817010	0245	8,220	2215757	\$450,000	06/20/06	\$54.74	UNITED IMPORTS	NC3-65	1	34	Use-change after sale; not in ratio
040	010	982670	0450	4,613	2087076	\$1,050,000	11/29/04	\$227.62	MEDINA CHILDRENS SERVICE	L-3	2	Y	
040	020	125020	0430	2,480	2253085	\$455,000	11/30/06	\$183.47	RETAIL STORE	NC2-40	1	Y	
040	020	872810	0645	4,340	2232616	\$1,100,000	08/25/06	\$253.46	SEATTLE VIETNAMESE CHRISTIAN CH	L-1	1	Y	
040	040	057000	0325	8,800	2104814	\$1,399,800	02/25/05	\$159.07	BEACON HILL MARKET	NC2-40	1	Y	
040	040	754980	0715	5,220	2120989	\$316,500	05/05/05	\$60.63	FAITH DELIVERENCE ASSEMBLY	SF 5000	3	26	Imp changed after sale; not in ratio
040	040	754980	0715	5,220	2137849	\$442,500	07/07/05	\$84.77	FAITH DELIVERENCE ASSEMBLY	SF 5000	1	Y	
040	050	149830	2810	7,480	2237292	\$1,325,000	09/14/06	\$177.14	ARCTIC STORAGE WAREHOUSE (SAME O	C1-65	2	34	Use-change after sale; not in ratio
040	050	159460	0030	9,217	2241062	\$1,900,000	09/25/06	\$206.14	HUMAN SERVICES - TAXABLE	C1-65	1	Y	
040	050	388190	0470	4,400	2018272	\$380,000	02/11/04	\$86.36	SEATTLE TIMES DIST	C1-65	1	Y	
040	050	570000	2385	23,049	2128536	\$2,830,000	06/02/05	\$122.78	MIXED USE RETAIL BUILDING	NC1-30	1	26	Imp changed after sale; not in ratio
040	050	672570	0051	1,672	2228877	\$300,000	08/08/06	\$179.43	M F SHANAHAN MD	NC1-40	1	Y	
040	050	754830	0980	3,296	2242592	\$586,000	10/06/06	\$177.79	SERVPRO	C1-65	2	Y	
040	050	754830	1085	5,640	2087161	\$865,000	11/12/04	\$153.37	DEVAC-CHAMBERLAIN WINDOWS	C1-65	1	26	Imp changed after sale; not in ratio
040	060	128230	0310	3,384	2087861	\$900,000	12/03/04	\$265.96	Columbia's Physical Therapy	NC3-65	2	26	Imp changed after sale; not in ratio
040	060	128230	0850	3,872	2150429	\$530,000	08/25/05	\$136.88	OFFICE/RETAIL	NC3-65	1	Y	
040	060	128230	1395	7,308	2224649	\$1,305,000	07/24/06	\$178.57	CHUBBY & TUBBY GARDEN CTR	C1-65	1	26	Imp changed after sale; not in ratio
040	060	128230	1809	10,190	2099587	\$725,000	01/25/05	\$71.15	ECONOMY AUTO PARTS	C1-65	1	Y	
040	060	160460	1475	2,020	2084031	\$350,000	11/12/04	\$173.27	MEDICAL-DENTAL OFFICE	C1-40	1	Y	
040	060	170290	0845	2,142	2169093	\$220,000	11/07/05	\$102.71	BOB'S QUALITY MEATS and Apt.	NC3-40	1	Y	

040	060	170290	0855	3,724	2074285	\$600,000	10/01/04	\$161.12	Retail Store & Pet Elegance	NC3-40	1	Y	
040	060	170290	1075	4,690	2018434	\$675,000	02/06/04	\$143.92	RETAIL	NC3-40	1	26	Imp changed after sale; not in ratio
040	060	170290	1650	5,320	2052002	\$525,000	06/30/04	\$98.68	MISC RETAIL & APTS	NC3-40	1	Y	
040	060	170290	1675	2,680	2061016	\$370,000	08/06/04	\$138.06	Restaurant/Retail	NC3-40	1	Y	
040	060	222404	9026	5,626	2193254	\$1,200,000	03/03/06	\$213.30	RETAIL & GARAGE STORAGE BUILDING	C1-65	1	Y	
040	060	333050	0960	4,470	2159800	\$675,000	09/28/05	\$151.01	COLUMBIA PHYSICAL THERAPY	NC2-40	1	34	Use-change after sale; not in ratio
040	060	333050	0966	1,680	2159796	\$275,000	09/28/05	\$163.69	MISSIONARY OFFICE	NC2-40	1	Y	
040	060	333050	1275	7,040	2221571	\$925,000	06/28/06	\$131.39	Various retail	NC2-40	1	Y	
040	060	333050	1805	8,170	2154480	\$2,100,000	09/13/05	\$257.04	RAINIER FOODS	NC2-40	1	Y	
040	060	333150	0560	13,950	2243118	\$1,325,000	09/20/06	\$94.98	FINDLAY STREET CHRISTIAN CHURCH	SF 5000	1	Y	
040	060	392990	0015	4,000	2077271	\$850,000	10/15/04	\$212.50	Burdicks Security Co	NC2-40	1	26	Imp changed after sale; not in ratio
040	060	560900	0145	3,952	2178428	\$835,000	12/20/05	\$211.29	MUSIC & DANCE STUDIO	NC2/R-4	2	Y	
040	060	564960	0061	1,612	2094111	\$611,000	12/17/04	\$379.03	Medical Clinic	NC2/R-4	1	Y	
040	060	983420	1515	106,286	2251432	\$24,983,668	11/14/06	\$235.06	RAINIER VALLEY SQUARE: SAFEWAY,	C2-65	2	Y	

Vacant Sales for Area 040 with Sales Used

Area	Nbhd.	Major	Minor	Land Area	E #	Sale Price	Sale Date	SP / Ld. Area	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
040	010	000760	0127	3,360	2180939	\$200,000	01/04/06	\$59.52	VACANT	L-3	1	Y	
040	010	000760	0206	3,696	2205270	\$384,915	05/05/06	\$104.14	VACANT	L-3	1	Y	
040	010	000760	0206	3,696	2122984	\$210,000	05/13/05	\$56.82	VACANT	L-3	1	Y	
040	010	193730	0215	7,729	2204571	\$480,000	04/28/06	\$62.10	VACANT	LDT	2	Y	
040	010	303720	0101	2,850	2134942	\$190,000	06/28/05	\$66.67	VACANT	L-3	1	Y	
040	010	331950	0655	11,207	2162788	\$925,000	10/19/05	\$82.54	RETAIL STORE	NC3-40	2	Y	
040	010	331950	0785	69,848	2244232	\$6,110,000	10/19/06	\$87.48	CONTINENTAL BAKING	C1-65	2	Y	
040	010	331950	0785	69,848	2161910	\$5,250,000	10/10/05	\$75.16	CONTINENTAL BAKING	C1-65	2	Y	
040	010	332000	0580	9,600	2147919	\$625,000	08/10/05	\$65.10	SFR HOUSE-TEAR DOWN CONDITION	IC-65	2	Y	
040	010	817010	0070	6,000	2205887	\$550,000	05/09/06	\$91.67	VACANT LOT	NC3-65	1	Y	
040	010	817010	0370	6,000	2120720	\$245,000	04/29/05	\$40.83	Two sfr's flat value	IC-65	1	Y	
040	010	982670	0705	7,680	2031798	\$340,000	04/14/04	\$44.27	VACANT LOT	L-3	1	34	Use-change after sale
040	010	982670	0720	4,800	2031827	\$260,000	04/14/04	\$54.17	VACANT LOT	L-3	1	34	Use-change after sale
040	010	982670	0930	9,960	2201044	\$900,000	04/17/06	\$90.36	RETAIL STORE	L-3	1	Y	
040	020	125020	0305	4,400	2191941	\$300,000	03/10/06	\$68.18	VACANT LAND	NC2-40	1	Y	
040	020	140030	0007	5,160	2135348	\$160,000	06/20/05	\$31.01	Vacant Multi-family	LDT	1	Y	
040	020	364610	0978	5,000	2217340	\$300,000	06/21/06	\$60.00	VACANT	NC1-30	1	Y	
040	020	605860	0135	3,300	2084587	\$200,000	11/02/04	\$60.61	VACANT RESID. LAND	LDT	1	Y	
040	040	090700	0060	3,100	2254977	\$496,500	12/05/06	\$160.16	RETAIL STORE & RESTAURANT	NC2-40	1	Y	
040	040	090700	0080	4,000	2110718	\$120,000	03/23/05	\$30.00	ASIAN DROP IN CENTER (SFR HOUSE)	NC2-40	1	Y	
040	040	514100	0190	4,550	2206509	\$230,000	05/10/06	\$50.55	VACANT RETAIL	SF 5000	1	Y	
040	040	754830	0150	12,600	2082005	\$375,000	11/01/04	\$29.76	VACANT LOT	L-2	1	Y	
040	040	792510	0520	8,500	2132463	\$400,000	06/20/05	\$47.06	Two duplexes	L-2	1	Y	
040	040	885000	0109	8,728	2061047	\$210,000	08/03/04	\$24.06	Multi-Family zoned site.	L-2	3	Y	
040	040	885000	0109	6,569	2246140	\$430,000	10/25/06	\$65.46	Multi-Family zoned site.	L-2	1	Y	
040	040	885000	0240	9,000	2224462	\$420,000	07/24/06	\$46.67	Vac Land	L-2	3	Y	

040	040	885000	0240	9,000	2104872	\$290,000	02/22/05	\$32.22		L-2	3	Y	
040	040	885000	0485	9,000	2147781	\$205,000	08/05/05	\$22.78		L-2	1	Y	
040	040	885000	0505	6,000	2092541	\$75,000	12/09/04	\$12.50		L-2	1	Y	
040	040	885000	0515	6,000	2091412	\$118,000	12/15/04	\$19.67		L-2	1	Y	
040	050	000360	0055	10,854	2289142	\$650,000	06/04/07	\$59.89	RETAIL STORE - MIXED-Vacant	NC1-40	1	Y	after lien date
040	050	149830	2835	5,040	2225269	\$275,000	07/22/06	\$54.56	VACANT LAND	C1-65	1	Y	
040	050	159460	0010	4,000	2090260	\$125,000	12/14/04	\$31.25	VAC LD	C1-65	1	Y	
040	050	182230	0005	15,597	2116748	\$825,000	04/20/05	\$52.89	VACANT LAND W/SHED	C1-65	3	Y	
040	060	128230	0640	30,840	2102582	\$2,600,000	02/14/05	\$84.31	CHUBBY & TUBBY	C1-65	2	Y	
040	060	148040	0006	18,263	2117425	\$498,500	04/14/05	\$27.30	VACANT	NC2/R-4	2	Y	
040	060	148040	0040	20,371	2216948	\$900,000	06/16/06	\$44.18	VACANT	NC2/R-4	3	Y	
040	060	160460	1800	8,561	2072079	\$210,000	09/16/04	\$24.53	VACANT LAND	L-2	1	Y	
040	060	238170	0115	12,689	2120472	\$425,000	04/29/05	\$33.49	VAC LD	L-3	3	Y	
040	060	266050	0265	10,380	2147603	\$375,000	08/16/05	\$36.13		L-4 RC	1	Y	
040	060	266050	0392	34,305	2249485	\$1,400,000	11/01/06	\$40.81	VACANT LAND	L-2	2	Y	
040	060	333050	1740	3,416	2043371	\$170,000	05/27/04	\$49.77	VIDEO RENTAL	NC2-40	1	Y	
040	060	718680	0110	4,217	2190457	\$195,000	02/23/06	\$46.24	NEW BEGINNINGS ZION CHURCH	C1-65	1	Y	
040	060	787940	0110	3,600	2099586	\$100,000	01/25/05	\$27.78	VACANT	C2-65	1	Y	
040	060	811310	0250	19,103	2219617	\$800,000	06/26/06	\$41.88	MIZUKI NURSERY	C1-65	1	Y	
040	060	811310	0390	11,033	2151795	\$473,000	08/26/05	\$42.87	VACANT	C1-65	1	Y	